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### **The role of openness in regional economic growth. The case of Polish and Spanish NUTS-2 regions**

With the use panel data techniques, we estimate an empirical growth model for Polish and Spanish NUTS-2 regions – two similar-in-size European economies with the inferior initial level of development and at the same time major recipients of EU structural funds. The analysis is carried out for 16 Polish voivodeships and 19 NUTS2 level municipalities, provinces and autonomous communities observed over the period 2000-2014. Within the joined group of regions, we observe a clear beta-absolute and sigma-convergence. Within countries, there is no evidence of beta-absolute convergence and the evidence points to divergence. The level of regional convergence is similar between the two analyzed states.

Of particular interest to us is the assessment of the role of broadly defined economic openness in the process of regional economic growth. We control for interactions of openness with regional human capital endowments or infrastructure endowment as well as other major determinants postulated by theoretical models. We also consider potential spatial interactions. The obtained results are in line with theoretical predictions.

Keywords: regional development, economic growth, panel data, Poland, Spain

JEL-codes: O18, O47, R10, R11, C23, C21